



APPROVED

**MINUTES OF THE
CSURMA AORMA COMMITTEE MEETING
MARCH 10, 2016
ALLIANT INSURANCE SERVICES, INC.
100 PINE STREET, SAN FRANCISCO, CA
10:00 AM**

MEMBERS PRESENT:

Cheree Aguilar, San Jose State University Research Foundation
Dwayne Brummett, Associated Students, Inc., Cal Poly San Luis Obispo
Guy Dalpe (AORMA Vice-Chair), Associated Students, Inc., San Francisco State University
Leslie Davis, University Union Operation of CSUS, Inc.
Robert de Wit, Forty-Niner Shops, Inc., CSU Long Beach
Keith Kompsi, Fresno Association, Inc., CSU Fresno
Frank Mumford (AORMA Chair), CSU Fullerton Auxiliary Services Corporation
Dave Nakamura, Humboldt State University Center (*via Teleconference; joined at 11:13am*)
Dave Nirenberg, University Glen Corporation, CSU Channel Islands
Brian Nowlin, CSU Long Beach Research Foundation (*via Teleconference; left at 10:58am*)
Jim Reinhart, University Enterprises, Inc., CSU Sacramento

MEMBERS ABSENT:

Gigi Kiama, The University Corporation at Monterey Bay

STAFF, GUESTS AND CONSULTANTS

Katie Brandt, Sedgwick CMS (*via Teleconference*)
Patricia Daniels, Sedgwick CMS (*via Teleconference*)
Zachary Gifford (CSURMA Secretary/Auditor), CSU Office of the Chancellor
Jacki Graf, Alliant Insurance Services, Inc.
Tevea Him, Alliant Insurance Services, Inc.
Daniel Howell, Alliant Insurance Services, Inc.
William Hsu, CSU Office of the Chancellor, Office of General Counsel
Mimi Long, Alliant Insurance Services, Inc.
Mauri McGuire, Carl Warren & Company (*via Teleconference*)
Brian Montagnese, Sedgwick CMS (*via Teleconference*)
Susan Neville, Sedgwick CMS (*via Teleconference*)

A. CALL TO ORDER

The meeting was called to order by the Chair, Frank Mumford at 10:03 AM. Brian Nowlin expressed his request to abstain from voting on all motions.

A1. Approval of the Agenda

The agenda was approved by acclimation.

B. PUBLIC COMMENTS

There were no comments from members of the public.

C. CONSENT CALENDAR

C1. Approval of Minutes – December 10, 2015

C2. FY 2015/2016 CSURMA Midterm Budget Amendments

A motion was made to approve the items on the consent calendar.

Motion: Leslie Davis

Second: Guy Dalpe

NAME	AYE	ABSTAIN	NAY	ABSENT
Cheree Aguilar	X			
Guy Dalpe	X			
Leslie Davis	X			
Gigi Kiama				X
Keith Kompsi	X			
Frank Mumford	X			
Dave Nakamura				X
Dave Nirenberg	X			
Brian Nowlin		X		
Jim Reinhart	X			
AORMA Committee Alternates Vote Only When Committee Members are Absent				
Dwayne Brummett	X			
Robert de Wit	X			

Motion carried.

D. CLOSED SESSION

1. **Arce v. ASI Northridge**
2. **Sandoval v. The University Corporation, CSU Northridge**
3. **Foster v. The University Corporation, CSU Northridge**
4. **Yu v. The University Corporation, CSU Northridge**
5. **Pourfarrokh v. Associated Students, Inc., San Francisco State University**

A motion was made to enter closed session at 10:04 A.M.

Motion: Leslie Davis
Second: Dave Nirenberg

NAME	AYE	ABSTAIN	NAY	ABSENT
Cheree Aguilar	X			
Guy Dalpe	X			
Leslie Davis	X			
Gigi Kiama				X
Keith Kompsi	X			
Frank Mumford	X			
Dave Nakamura				X
Dave Nirenberg	X			
Brian Nowlin		X		
Jim Reinhart	X			
AORMA Committee Alternates Vote Only When Committee Members are Absent				
Dwayne Brummett	X			
Robert de Wit	X			

Motion carried.

The Committee left closed session at 10:41 AM. The Chair reported that action was taken on Sandoval v. The University Corporation, CSU Northridge, Foster v. The University Corporation, CSU Northridge, Yu v. The University Corporation, CSU Northridge and Pourfarrokh v. Associated Students, Inc., San Francisco State University, during closed session.

E. STANDING COMMITTEE REPORTS

E1. Programs Committee Report

Mimi Long provided a brief report of the Program Committee’s recent activities. The committee met on February 25th and approved a new Scoring Matrix for the Risk Reduction Innovation Matching Grant Incentive Program with the goal of providing better grant guidelines to the members as well as providing parameters for grant approval. The Committee also reviewed a Member request for dividends to remain “on account” with CSURMA to accumulate over time. The Programs Committee was not in favor of this idea and therefore no further action was taken. The Committee reviewed changes to the property and crime programs which will be discussed during today’s meeting. The Committee approved Sonoma State Enterprises, Inc. as a new Workers’ Compensation Program member.

There was discussion regarding Food Trucks on campus and the general public’s expectation of safety. The Committee directed Staff to suggest Food Truck Disclaimer Wording to be posted at the point of sale. Staff will also request that information regarding food trucks be added to the

Special Events Manual that is currently being prepared. It was suggested that the manual should also include information about musical performances of different genres.

E2. AOA Executive Committee Report

Frank Mumford provided a report of the recent activities of the AOA Executive Committee. The AOA EC continues to discuss the open meetings laws.

F. GENERAL ADMINISTRATION

F1. Chancellor's Office Services Budget Proposal for FY 2016/2017

Mimi Long noted that CSURMA obtains services from Financial Services Administration & Accounting, Office of General Counsel, and Systemwide Risk Management within the Chancellor's Office under three memoranda of understanding. Each year, the CSURMA Executive Committee considers the services and budget proposals as a part of the budget adoption process. The annual cost for all three services will increase slightly due to a mandatory salary increase within the CSU.

This item is for information only as the Executive Committee will review and approve these agreements at its meeting later today.

F2. Update of Excess Insurance Renewals

Daniel Howell provided an update of FY 16/17 excess insurance renewals. Howell expects the workers' compensation and property renewals to be flat. There have been some losses within the crime program, so a small increase is expected. Also, AORMA has requested an optional crime quote of \$5,000,000 which will increase the overall program costs. Due to claims activity within the AORMA Reinsurance Layer - \$4,650,000 excess of \$350,000 - Genesis, the current reinsurer, will not offer acceptable renewal terms; therefore, Staff is marketing the reinsurance placement. Howell expects the reinsurance premium to increase significantly, as well as the necessity to increase the pooled layer above \$350,000.

F3. Property Appraisals

Mimi Long explained that every five years, Alliant Appraisal Services will appraise all real property locations within the AORMA Property Program with a replacement value at or above \$5,000,000 at no cost. AORMA can choose to have all of the real property appraised for an additional fee. The cost to appraise all of the Auxiliary's real property would be \$71,850. The Committee can decide to have appraisals of only those buildings with a value of more than \$1,000,000. The Committee reviewed the appraisal fee schedule.

Real Property Replacement Value	Number of Locations to be Appraised	Fees Per Building	Total Fees	Responsible Party
\$5,000,000 and above	25	\$0	\$0	Paid by APIP
\$4,999,999 to \$1,000,000	66	\$250	\$16,500	Paid by AORMA
Less than \$1,000,000	369	\$150	\$55,350	Paid by AORMA

Five years ago, the AORMA Committee decided to pay to appraise only those buildings between \$1,000,000 and \$4,999,999. The Committee discussed an appraisal schedule of every five years the buildings between \$1,000,000 and \$4,999,999 would be appraised and every ten years all buildings would be appraised. The Committee directed Staff to add this requirement to a Policy and Procedure.

A motion was made to approve the cost of \$71,850 for the appraisals of all Auxiliary owned buildings.

Motion: Robert De Wit
Second: Leslie Davis

NAME	AYE	ABSTAIN	NAY	ABSENT
Cheree Aguilar	X			
Guy Dalpe			X	
Leslie Davis	X			
Gigi Kiama				X
Keith Kompsi	X			
Frank Mumford	X			
Dave Nakamura				X
Dave Nirenberg	X			
Brian Nowlin		X		
Jim Reinhart	X			
AORMA Committee Alternates Vote Only When Committee Members are Absent				
Dwayne Brummett	X			
Robert de Wit	X			

Motion carried.

F4. FY 2016/2017 CSURMA Operating Budget

Mimi Long noted that CSURMA's next fiscal year begins on July 1, 2016. The FY 2016/17 operating budget is to be approved by the Board of Directors at its May 6, 2016 meeting. The Chancellor's Office Enterprise Accounting Services and the Program Administrators worked together to develop a draft FY 2016/17 budget for review at today's meeting.

The Committee reviewed the major changes to the proposed **AORMA Programs** budget:

- Projected Liability Reinsurance Premiums increased from \$850,000 to \$1,000,000 in anticipation of increased costs due to claims activity within the pooled layer.
- Projected Liability Program increase in Claims Payments and Legal Expense from \$1,157,383 to \$1,700,777 due to actuarial projected claim trend.
- Projected Liability Program decrease in Reinsurance Recovery by \$5,993,779.
- Projected increase in Workers' Compensation Claims Payments and Legal Expenses from \$2,671,580 to \$3,236,000 due to actuarial projected claim trend.
- Projected decrease in Workers' Compensation Program Reinsurance Recovery by \$564,420 due to actuarial projected paid claims.
- Projected increase in Property contributions from \$2,204,231 to \$2,368,714 due to change in total insured values and expected insurance premiums. Premiums are subject to adjustment based on final reported total insured values (TIV) and final negotiated rates.
- Projected increase in Crime Program Contributions from \$299,468 to \$310,552 due to expected insurance premiums.
- Projected decrease in Contributions from \$2,595,674 to \$2,127,354 due to a reduction in Unemployment Insurance claims.

A motion was made to recommend approval of the draft proposed budget for FY 2016/17 to the Executive Committee.

Motion: Guy Dalpe
Second: Keith Kompsi

NAME	AYE	ABSTAIN	NAY	ABSENT
Cheree Aguilar	X			
Guy Dalpe	X			
Leslie Davis	X			
Gigi Kiama				X
Keith Kompsi	X			
Frank Mumford	X			
David Nakamura				X
Dave Nirenberg	X			
Brian Nowlin				X
Jim Reinhart	X			
AORMA Committee Alternates Vote Only When Committee Members are Absent				
Dwayne Brummett	X			
Robert de Wit	X			

Motion carried.

F5. AORMA Property Program Deductibles

Mimi Long explained that the deductible for the AORMA Property Program was changed effective July 1, 2014 to \$5,000 Per Occurrence (*Personal Property & Business Interruption/Rents*), 1% of the Real Property Value (*Real Property*), subject to a minimum of \$5,000 and maximum of \$50,000.

Long notes that in retrospect, Staff believes that the 1% deductible amount is too high and makes assigning a deductible confusing. Auxiliary Organizations own very few buildings with values in excess of \$10,000,000. The Programs Committee reviewed the proposed deductible structure at its last meeting and is recommending adoption.

Real Property - Proposed Deductible Schedule			
Building Value		# of bldgs	Deductible
Less than	5,000,000	451	5,000
5,000,001	10,000,000		5,000
10,000,001	20,000,000	16	10,000
20,000,001	25,000,000		10,000
25,000,001	40,000,000	5	25,000
40,000,001	50,000,000		25,000
50,000,001	60,000,000	4	50,000
60,000,001	70,000,000		50,000
70,000,001	80,000,000		50,000
80,000,001	90,000,000		50,000
90,000,001	100,000,000		50,000
100,000,001	and above		50,000

A motion was made to adopt the revised real property deductible schedule retrospectively to July 1, 2014 and adjust one Member's property deductible which results in a return of \$8,536 to Spartan Shops.

Dave Nakamura arrived to the meeting and expressed his desire to abstain for voting on all motions.

Motion: Guy Dalpe
Second: Jim Reinhart

NAME	AYE	ABSTAIN	NAY	ABSENT
Cheree Aguilar	X			
Guy Dalpe	X			
Leslie Davis	X			
Gigi Kiama				X

Keith Kompsi	X			
Frank Mumford	X			
Dave Nakamura		X		
Dave Nirenberg	X			
Brian Nowlin				X
Jim Reinhart	X			
AORMA Committee Alternates Vote Only When Committee Members are Absent				
Dwayne Brummett	X			
Robert de Wit	X			

MOTION CARRIED

F6. Crime Program – Amendments to the AORMA Memorandum of Coverage

Mimi Long explained that ERISA requires all employee benefit plans to be bonded for at least 10% of the plan assets subject to a minimum bond amount of \$1,000 and a maximum bond amount of \$500,000. The current AORMA Crime Program provides a limit of \$2,000,000 which well exceeds the ERISA bonding requirement.

The AORMA Crime Program currently includes a \$5,000 per occurrence deductible. ERISA requires the bond to insure the plans for the first dollar of the loss. The AORMA memorandum of coverage is currently silent with regard to the ERISA required bond coverage as well as the \$0 deductible. The excess crime policy specifically adds coverage for the employee benefit plans. In order to clarify that the AORMA Crime Program does comply with the ERISA bonding requirement, the AORMA Crime Program memorandum of coverage has been amended as follows:

Item 3: Limits of Liability:

1. Per Occurrence - including coverage required by ERISA to protect employee benefit plans):\$25,000
2. Annual Aggregate for all Member losses paid within the Coverage Period\$100,000

Item 4: Deductible:

1. Per Occurrence:.....\$5,000
2. Per Occurrence – coverage required by ERISA to protect employee benefit plans:\$0

A motion was made to approve the amendments to the FY 16/17 the Crime Program memorandum of coverage (MOC) and to include the amendments in all prior year’s MOCs as well.

Motion: Guy Dalpe
Second: Robert de Wit

NAME	AYE	ABSTAIN	NAY	ABSENT
Cheree Aguilar	X			
Guy Dalpe	X			
Leslie Davis	X			
Gigi Kiama				X
Keith Kompsi	X			
Frank Mumford	X			
Dave Nakamura		X		
Dave Nirenberg	X			
Brian Nowlin				X
Jim Reinhart	X			
AORMA Committee Alternates Vote Only When Committee Members are Absent				
Dwayne Brummett	X			
Robert de Wit	X			

Motion carried.

F7. AORMA Committee Nominations and Election

Mimi Long explained that the AORMA Committee held an election at its December 10, 2015 meeting to fill the Chair and First Vice Chair seats; however, the Second Vice Chair seat still needs to be filled. Frank Mumford, the Nominating Committee chair announced that the Nominating Committee has nominated Gigi Kiama to run for the open seat for the term July 1, 2016 to June 30, 2018. Gigi Kiama has accepted the nomination. The AORMA Committee conducted its election and Gigi Kiama was elected the AORMA Committee Second Vice Chair for her first term of July 1, 2016 to June 30, 2018.

Long also noted that there are two seats up for re-election which are currently held by Leslie Davis and Dave Nakamura. The AORMA Committee ballots will be sent out in April.

F8. Final 2016 CSURMA Meeting Calendar

Mimi Long noted that the CSURMA board of directors meeting has been scheduled for November 2nd in Sacramento. Long pointed out that the meeting locations have been finalized as well. The committee reviewed the meeting dates and locations.

- March 10, 2016 at 10:00 AM (San Francisco) AORMA
- May 5, 2016 at 10:00 AM (Chancellor’s Office) AORMA
- May 6, 2016 at 10:30 AM (Chancellor’s Office) BOD
- September 7, 2016 at 9:00 AM (Sacramento) AORMA NMO

September 7, 2016 at 10:00 AM (Sacramento)	AORMA LRP
September 8, 2016 at 9:00 AM (Sacramento)	AORMA
November 2, 2016 at 2:00 PM (Sacramento, FTPC)	EC
November 2, 2016 at 4:30 PM (Sacramento, FTPC)	BOD
October 20, 2016 at 10:00 AM (San Francisco)	AORMA
December 1, 2016 at 10:00 AM (Chancellor’s Office)	EC

F9. Analysis of Potential Liability Apportionment Between Auxiliary Organization and Campus

Mimi Long pointed out the recommended changes to Policy and Procedure L-2 to confirm AORMA’s policy regarding liability apportionment between the Auxiliary Member and Campus or two Members. The committee reviewed the additional wording that has been added to Policy and Procedure L-2.

It is the policy of AORMA that the TPA will analyze all CLAIMs for potential liability apportionment between the Campus and the MEMBER or two or more MEMBERS and will provide notification to the PROGRAM DIRECTOR.

The TPA shall perform an analysis of all CLAIMs and lawsuits for potential liability apportionment between either the Campus and the MEMBER or between two or more MEMBERS.

- a. If the TPA believes there may be a basis for apportionment between the Campus and the MEMBER, the TPA will notify the PROGRAM DIRECTOR. The PROGRAM DIRECTOR will submit the matter to the MEMBER Executive Director and the Campus Vice President of Administration and Finance, or their designees, to determine whether apportionment is appropriate and, if so, what apportionment percentages should apply. In the event they are unable to reach agreement regarding apportionment and/or apportionment percentages, the matter will be submitted for decision to the CSURMA Secretary-Auditor who will review the matter with the Executive Vice-Chancellor/Chief Financial Officer of the California State University. The decision of the CSURMA Secretary-Auditor shall be final, non-appealable and binding.

- b. If the TPA believes there may be a basis for apportionment between two or more MEMBERS, the TPA will notify the PROGRAM DIRECTOR. The PROGRAM DIRECTOR will submit the matter to the Executive Directors of the MEMBERS, or their designees, to determine whether apportionment is appropriate and, if so, what apportionment percentages should apply. In the event they are unable to reach agreement regarding apportionment and/or apportionment percentages, the matter will be submitted for decision to the CSURMA Secretary-Auditor who will review the matter with the Executive Vice-Chancellor/Chief Financial Officer of the

California State University. The decision of the CSURMA Secretary-Auditor shall be final, non-appealable and binding.

Zachary Gifford explained that the excess insurance / reinsurance underwriters want to be assured that liability is apportioned as appropriate and that there is a procedure in place.

A motion was made to approve the revisions to Policy and Procedure L-2.

Motion: Keith Kompsi
Second: Cheree Aguilar

NAME	AYE	ABSTAIN	NAY	ABSENT
Cheree Aguilar	X			
Guy Dalpe	X			
Leslie Davis	X			
Gigi Kiama				X
Keith Kompsi	X			
Frank Mumford	X			
David Nakamura		X		
Dave Nirenberg	X			
Brian Nowlin				X
Jim Reinhart	X			
AORMA Committee Alternates				
Vote Only When Committee Members are Absent				
Dwayne Brummett	X			
Robert de Wit	X			

Motion carried.

F10. Carl Warren & Company Third Party Liability Claims Administration Contract Renewal

Mimi Long stated that the current five-year contract with Carl Warren & Company for third party liability claims administration is due to expire on June 30, 2016. A three-year contract with two one-year options is being proposed.

The proposed agreement has been updated to include the terms added by addendum to the July 1, 2011 contract as well as the requirement that Carl Warren & Company provide an analysis of all claims for potential liability apportionment. The committee reviewed the proposed contract and proposed rating structure:

Carl Warren & Company – Proposed Contract Rates		
Term	Adjuster Service Rate Per Billable Hour / Unit	RMIS & Administration
FY 15/16 (Current)	\$58	\$14,000
FY 16/17	\$58	\$14,000
FY 17/18 and FY 18/19	\$60	\$15,000
FY 19/20 and FY 20/21	\$62	\$16,000

A motion was made to delegate authority to the CSURMA Secretary-Auditor to finalize and execute the contract as well as to include any changes recommended by the CSURMA JPA Legal Counsel.

Motion: Keith Kompsi
Second: Cheree Aguilar

NAME	AYE	ABSTAIN	NAY	ABSENT
Cheree Aguilar	X			
Guy Dalpe	X			
Leslie Davis	X			
Gigi Kiama				X
Keith Kompsi	X			
Frank Mumford	X			
David Nakamura		X		
Dave Nirenberg	X			
Brian Nowlin				X
Jim Reinhart	X			
AORMA Committee Alternates				
Vote Only When Committee Members are Absent				
Dwayne Brummett	X			
Robert de Wit	X			

Motion carried.

G. INFORMATIONAL ITEMS

The committee reviewed the following information items.

- G1. Service Provider Performance Evaluation of CSURMA Vendors**
- G2. FY 2015/2016 AORMA Long Range Action Plan**
- G3. CSURMA AORMA 2016 Meeting Calendar**
- G4. CSURMA AORMA Program Administrator Contact Lists**
- G5. CSURMA AORMA Committee Contact List**
- G6. AORMA Travel Reimbursement Policy**



APPROVED

H. ADJOURNMENT

The meeting was adjourned at 12:47 PM.